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SEPTEMBER 27, 1965

PHILIPPINE TOBACCO INDUSTRY —PROBLEMS AND PROSPECTS

REPORTS ON LIVESTOCK AND MEAT SITUATIONS

U.S. FOOD IN MALAYSIAN SCHOOL LUNCH PROGRAM

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Including FOREIGN CROPS AND MARKETS

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SEPTEMBER 27, 1965

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These children of Malaysia, in their gaiety and vigor, are visible results of a school lunch program carried on since 1961 in the country under Title III of P.L. 480. (Detail from one of photos on p. 9.)

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Clockwise from left: Hauling tobacco from field; redrying plant, where flue-cured leaf is regraded, blended, and further dried; flue-curing barns on farm.

The Philippine Tobacco Industry—Problems and Prospects

By WALTER A. STERN
Assistant U.S. Agricultural Attaché, Manila

The Philippine Government has been increasingly disturbed by the persistence of a twofold tobacco problem—large-scale smuggling of cigarettes into the country, coupled with burdensome surpluses of locally grown Virginia-type tobacco. The first part of this problem may now be eased, as the result of a 50-percent duty cut scheduled to go into effect on all imported cigarettes this month. This reduction is likely to bring the Philippine sales price of legally imported U.S. brands down far enough to tend to discourage the illegal trade by cutting its profit margin.

The basis of the problem appears to have been the restrictions on imports of blending tobacco that have prevented locally made cigarettes from competing successfully, either in price or in quality, with the cheaper and better cigarettes being smuggled in, chiefly from Hong Kong via North Borneo.

Up to now, illegal imports have had an insurmountable price advantage because they avoided the high duties imposed on legal imports and the excise taxes levied on both imported and domestic brands. In quality, the smuggled cigarettes—either U.S.-made or made in Hong Kong with substantial percentages of U.S. leaf—ministered to the longstanding Philippine preference for U.S. tobacco. The popular name applied to these illegal imports—"blue seal cigarettes"—attests to this preference. The name refers to the sealing of the packages with seals the color of the Federal tax stamp used on U.S. cigarettes.

On August 17, 1965, the President of the Philippine Republic reduced the duty on all imported cigarettes by 50 percent, effective 30 days after the date of the order. This reduction, equivalent to about 10 cents per pack for regular-size and 12 cents per pack for king-size cigarettes, will bring down the price of legally imported American regular-size cigarettes from a range of 38 to 41 U.S. cents per pack to one of 28 to 31 cents. The prevailing price for illegally imported regular-size blue seal cigarettes made in Hong Kong ranged from 30 to 33 U.S. cents at the time the tariff reduction was announced. American brands manufactured in the Philippines were then selling at the equivalent of 25 U.S. cents per package.

The duty reduction will result in greater competition among the three types of cigarettes. The price of smuggled Hong Kong-made blue seals is likely to be cut below that of the locally manufactured U.S. brands, thus greatly reducing their profit margin. If coupled with a strong anti-smuggling campaign, this reduction in margin could effectively decrease the illegal trade; but, at the same time, it would increase the sales of legally imported cigarettes at the expense of the locally produced U.S. brands. The capacity of the domestic manufacturers to meet this situation depends upon the availability of imported quality blending tobacco at reasonable prices.

The second part of the Philippine tobacco problem—the existence of large domestic surpluses—is closely related to the first. These surpluses, encouraged by high price supports, contain much poor-quality tobacco, badly graded and handled, which cannot be exported without financial loss. Philippine manufacturers have found only a limited demand for cigarettes made chiefly from this domestic leaf, and blue seal cigarettes—appealing to both the con-

sumer's taste and his pocketbook—have been entering in larger and larger quantities.

How the problem arose

The present difficult position of the Philippine cigarette industry has been in the process of development over a period of years.

Soon after the Republic obtained its independence in 1946, the National Tobacco Corporation (NATOCO) was created to engage in large-scale cultivation of Virginia tobacco. This project did not succeed; lack of demand for domestically produced brands led to large imports of cigarettes.

In 1952, President Quirino approved Republic Act No. 698, which limited the importation of foreign leaf as follows, in relation to 1950 imports: 75 percent in 1952; 50 percent in 1953; 40 percent in 1954; 25 percent after 1954.

In 1954, President Magsaysay created the Philippine Tobacco Administration (PTA) in an effort to strengthen and develop the local tobacco industry, and Congress amended the provisions of R.A. 698 by further restricting imports of foreign leaf. The importation of this leaf after 1956 was completely banned, except for cigar wrappers, unless local tobacco supplies proved insufficient to meet the needs of cigarette manufacturers. The ban has virtually closed the Philippine market to tobacco from outside sources, including the United States.

The 1954 Act also established a very favorable price support schedule for Virginia-type tobacco. Farmers, responding to this encouragement, more than doubled output during the first year, and by 1957 they had increased it more than tenfold—far beyond the needs of the industry. Surpluses accumulated rapidly in government warehouses. In 1959, the task of promoting and developing the Virginia tobacco industry and of administering producer price supports was transferred to a new agency, the Philippine Virginia Tobacco Administration (PVTA).

In 1962, a committee appointed by President Macapagal recommended that the surpluses be sold to private entities at auction with the provision that winning bidders would be permitted to import one kilogram (2.2046 lb.) of foreign leaf for each 9 kilograms of local Virginia leaf exported from PVTA stocks. Very limited sales were made under this arrangement because of the large losses that exporters would incur in selling these stocks abroad at competitive prices.

In June 1964, R.A. 4155 was passed, reducing the import ratio from 9:1 to 4:1. Since that time there have been several public announcements for bids to purchase from PVTA stocks, which amount to approximately 175 million pounds. However, because of high deposit requirements and legal problems about the redrying plants' 40-percent option on purchase rights, sales have not been completed. So far, except for one sample lot to the Netherlands, only a very small quantity of the government-held stocks has been exported. Philippine Virginia tobacco exports during the past 2 years have practically all been from private trade stocks and thus have earned no import rights under the ratio system.

How the price support system has operated

Production of Virginia tobacco had reached a high of approximately 94 million pounds by 1963. Meanwhile, PVTA was running into financial difficulties. Funds for its price support operations were originally obtained from loans by the Central Bank, to be paid off by sales of government tobacco stocks. But PVTA sales were insufficient to repay the loans, and the organization had great difficulty paying farmers for tobacco acquired through price support purchases and delivered to redrying plants.

The inability of PVTA to meet its obligations on time has forced many farmers to sell their tobacco to private buyers at prices as much as 50 percent below the support level. Many farmers have become discouraged by these low returns, and the harvest has drastically declined—from 77 million pounds in 1964 to 51 million in 1965.

This production decline has somewhat slowed the build-up of PVTA stocks. Prior to purchases from the 1965 crop, these stocks amounted to about 175 million pounds, against 265 million in 1963. The leaf that remains unsold is, however, extremely difficult to market either locally or overseas at its present noncompetitive prices.

In the past, the only way exporters could offset their losses on export sales was to pass them along to the domestic manufacturer in the form of increased prices for imported tobacco. An improved method of financing the producers' price support program and a declared policy of selling surplus stocks for export at the best prices obtainable—both provided for in Republic Act No. 4155—should make it possible for export sales to start during the next few months.

The President recently reorganized the Philippine Virginia Tobacco Administration and placed it under new management, and the operating program is being overhauled with the objective of facilitating payments to producers and expediting the sales of surplus stocks.

Under the new law's provisions for financing price support operations, much less reliance will be placed on income derived from sales of surplus tobacco stocks. In addition to any such income, 50 percent of all taxes and duties collected by the Internal Revenue Bureau from tobacco and cigarettes will be used for price support purchases and the liquidation of PVTA's indebtedness. The chairman of PVTA announced recently that in the year since R.A. 4155 was passed, the agency's outstanding debt of approximately $17 million has been reduced to about $5 million, and that it anticipates liquidating all of its obligations by October 1965.

Tobacco industry's outlook

In the long run, the Philippine tobacco industry needs more than anything else a healthy domestic market for its tobacco manufactures. That this market does not exist at present seems apparent from the recent history of the cigarette smuggling problem. In 1963, a shortage of U.S. leaf for blending forced some manufacturers to alter their blends. Their sales dropped, and many of their customers turned to smoking blue seal cigarettes, which not only had the preferred flavor but were far less expensive than the local brands. Smuggling reached a peak that year.

In the fall and winter of 1963-64, the government waged an effective campaign against the entry of blue seal cigarettes, and this greatly assisted in the revival of domestic manufacture and sales. However, towards the end of 1964 and on into 1965, the in-movement of blue seals again increased. Now the Philippine Government is discussing measures to strengthen the antismuggling drive and is

continuing its campaign against illegal entry. The Philippine Navy has recently been active in apprehending cigarette smugglers, the latest development being the purchase of two high-speed hydrofoil boats.

Need for blending tobacco

However, both government agencies and domestic cigarette manufacturers recognize that the best solution to the smuggling problem is to effectively meet the competition from blue seal cigarettes. For this, the manufacturers must have increased quantities of blending tobaccos. The consensus is that a minimum of 10 million pounds of imported leaf will be needed for blending during 1966. There is variation in opinion as to the percentage of imported leaf required for competitive-quality cigarettes, but most people seem to agree that 35 percent would be about the minimum.

The long-term outlook is for rising cigarette consumption in the Philippines. Taking the estimated 36.5 million pounds consumed in 1965 as a base and assuming a 10-percent annual increase, total use of tobacco in cigarette manufacture could rise to about 58 million pounds by 1970. *If* manufacturers were able to obtain the "minimum" percentage of imported leaf, imports might well rise from 14 million pounds in 1966 to over 20 million by 1970. The 175 million pounds of Virginia-type tobacco PVTA now has available for export would, if it could actually be exported, permit total imports of 44 million pounds under the 4:1 ratio. If export sales were spread over the next 5 years, assuming annual production at current levels, the law would permit imports on the scale estimated.

But such an estimate is undoubtedly overoptimistic. The necessary sale of PVTA stocks at competitive prices would result in even heavier losses to be absorbed by the government and the local industry—a fact that would deter imports from reaching the desired levels. However, imports of about 10 million pounds of blending tobacco—considered by local experts as both necessary and feasible—would represent a sizable increase over the past few years, and would go a long way toward helping the cigarette industry meet competition and assist the government in its drive against smuggling.

Trends in World Cigarette Output Affect Leaf Usage and Trade

World production of cigarettes continues to rise, but the annual rate of increase shows a downward trend. In the late 1950's and on through 1963, annual percentage gains in cigarette production consistently outstripped those for leaf production and international trade in unmanufactured tobacco. But during 1964, the situation reversed itself; leaf production and trade increased at a faster rate than output of cigarettes.

Last year, world cigarette output totaled 2,526 billion pieces, up only 2.8 percent from the preceding year's level, compared with a 3.8-percent gain for 1963 and an average gain of 4.6 percent for 1956-63. The smaller size of the 1964 production increase—especially that of 2.1 percent for the Free World alone—created a buyer's market for leaf, with gigantic supplies in the marketplace, far in excess of demand.

Oversupplies of leaf on the world market led to larger inventories in some countries, with actual cutbacks in planted acreages for most countries that are major producers and exporters. Smaller harvests of cigarette-type tobaccos this season are in evidence, but it will take time to reduce the world's record stocks of accumulated surpluses from prior crops and to move them into domestic and export channels of trade.

World cigarette trends

World cigarette output directly affects the level of international trade in unmanufactured tobacco. Continued annual gains in cigarette manufacture are especially meaningful for the world's larger exporters of leaf tobacco such as the United States, Rhodesia, India, Turkey, Greece, Yugoslavia, Brazil, and Colombia; for many importing countries are far from self-sufficient, needing to import large supplies of high-quality leaf for blending with their own domestic leaf or for the production of blended kinds of cigarettes.

Cigarette output in 1964 showed increases over the previous year in practically all countries of the world. However, sharp advances in retail prices due to increased import duties or internal taxes caused declines in the United Kingdom, Denmark, Finland, France, Ireland, the Netherlands, Norway, Poland, Hong Kong, and New Zealand; and the U.S. Surgeon General's report, *Smoking and Health,* caused a temporary setback in the United States. But this report and similar foreign ones have not halted the growing consumer demand for cigarettes. Current information for major producers indicates that world production for 1965 may exceed the 2,600-billion mark, with an increase somewhat larger than that of the previous year, or slightly over 3 percent.

In the Free World, however, leaf usage in the manufacture of cigarettes last year probably was about the same as in the previous year, despite the fact that cigarette production gained 2.1 percent.

Factors cutting leaf use

A major factor in the discrepancy is the continued rise in Free World production of filter-tipped cigarettes, which require a smaller quantity of leaf tobacco than regular types. Filter tips represented 40 percent of total output in 1964, compared with 36 percent in 1963. This continued growth has been achieved through improved techniques of manufacture, producing an increasing number and variety of filter-tipped brands. The profit motive of slightly higher retail prices, plus the smaller leaf requirements, is inducing established producers to step up their production and encouraging other producers to switch to filter tips.

Free World production of filter tips was almost 2½ times as large as the absolute gain in volume of all kinds of cigarettes.

Further contributing to the use of less leaf tobacco is the rising use of shredded homogenized sheet tobacco, "microflake" tobacco, and neutral bland (leached) denicotinized cigarette filler, all of which continue to supplant conventional cigarette leaf. Also, in most countries, the finished weight of 1,000 cigarettes continues to decline, and this too reduces the amount of leaf required to manufacture such a quantity of cigarettes.

Prepared in the Tobacco Division, Foreign Agricultural Service.

Japan Forecasts Record 1965 Pork Production

Japan's booming swine industry is expected to push pork production to new records in calendar 1965, with heavy slaughtering of the country's largest hog population to date.

Hog slaughter for January-June 1965 totaled 3,107,000 head, an increase of 12 percent from the first half of 1964. The high rate of slaughter is expected to continue in the last half of the year for a total of 6.4 million head, producing some 335,000 metric tons of pork.

This stepped-up slaughtering has resulted from Japan's rapid expansion in the production of pigs since World War II. In 1946 Japan had only 90,000 swine, but as feed conditions became favorable and demand for meat increased, the number reached more than 4 million by 1962. A May 1965 estimate by the Ministry of Agriculture and Forestry puts the number of hogs on farms at 4,528,000 head—500,000 more than 1964, 983,000 more than 1963.

Forecasts for 1966 look equally bright. Of the total hog population in 1965, some 2,298,000 are pigs from 1 to 3 months old which will figure in the hog numbers in the first half of 1966. Also, the number of brood sows increased 13 percent between May 1964 and May 1965, from 521,000 to 589,000, indicating a further increase in production of pigs in 1966. Japanese officials predict this production increase will mean heavier slaughtering estimated as high as 7.3 million head.

Bigger meat demand

Japanese livestock production has accelerated because Japan, like many countries, is experiencing an ever-increasing demand for meat. Per capita meat consumption in Japan has nearly doubled since 1955, and it is expected to increase as rapidly in the future with a growing national income, centralization of the population in urban districts, and changes in the mode of living and taste.

To meet the demand, Japan is building up its domestic livestock—swine in particular. Beef is also popular and much in demand, but Japan's beef industry is growing at a much slower rate. Beef cattle are more difficult and costly to raise than swine, and do not adapt readily to Japan's natural resources and limited pasture. Japan has been breeding high-quality "Kobe" cattle for specialty meat, but prices are too high for widespread local consumption.

Hog-raising is economical

On the other hand, hogs not only provide rapid capital turnover, but can be fattened more easily than cattle and raised even on small farms. Also, current prices for imported feed—an important element in the cost of hog raising in Japan—may well decrease slightly because of ample world supplies.

In 1961, the Japanese Government set a 10-year goal to double meat production, then passed price stabilization laws to encourage domestic farmers. Under these laws, the government is authorized to purchase animal products (milk, meat, eggs) when production exceeds demand, or to import when domestic production is low. Therefore, even though total hog production has increased considerably, the wholesale price of carcass pork has remained fairly stable during the last 12 months.

In 1964, after pork prices reached record high levels, Japan made a $2,915,000 purchase of pork from the United States and another $1 million of pork from South Korea. Japan imports breeding hogs from the United States, Australia, Sweden, and the United Kingdom, but owing to the high volume of production it is unlikely that Japan will import pork in the near future.

Japan Raises Its Beef Import Quota

An emergency Japanese import quota of 2,000 metric tons of beef was recently announced by the country's Ministry of International Trade and Industry. The new quota is in addition to the 5,000 metric tons of beef allocated in April this year, putting Japan's total for 1965 at 7,000 metric tons. This compares with 3,000 metric tons allocated in Japan's fiscal 1964 and 5,000 in 1963.

The quota is on a global basis, but based on previous experience New Zealand and Australia are expected to supply most of this requirement.

Increased demand and short domestic supply have raised domestic beef prices continuously in recent years. Wholesale prices at Tokyo and Osaka now are around 62 cents per pound and retail prices are around $1.13 per pound—more than 30 percent above those of a year ago.

According to a survey conducted by the Ministry of Agriculture and Forestry, consumption of beef in Japan has nearly doubled since 1955. On the other hand, the total number of draft and beef cattle has been rather stable from 1960 to 1963 after steadily increasing for several years, and it even declined slightly in 1964.

Beef cattle, unlike hogs, are difficult to raise economically in Japan, and do not constitute a major part of the livestock industry in that country.

Spain Issues Beef Cattle Subsidy

Spain announced last month a new incentive for its livestock farmers in the form of a price support for calves 1 to 2 years old and cows freely offered for sale to the National Supply Commission beginning January 1, 1966. The support rate per pound for clean carcasses is 48 cents for average-quality calves over 770 pounds and 36 cents for average-quality cows. The order was issued under the "Concerted Action" plan initiated in November 1964 to encourage the raising of beef cattle and the construction of slaughterhouses.

The plan offers to qualified livestock farmers and slaughterhouse operators subsidies of 10 percent of the cost of new buildings, installations and equipment, official credit of up to 70 percent of the cost of planned investment, expropriation of the necessary land, and tax exemptions up to 5 years.

Along with the cattle subsidies, provisions of the new order also call for the establishment of consumer price ceilings to be enforced in deficient areas and major consuming centers by the Commission. The ceilings will be 53 cents and 40 cents per pound, respectively, for calf and cow meat at slaughterhouses.

Imported beef is also included in the new order, to be incorporated into a regulatory duty system.

Slowdown Predicted for Philippine Hog Industry

The hog industry of the Philippines continued to expand between 1964 and 1965, at the high rate of 9 percent; but current prospects are that its rate of development will decline this year.

One reason for this outlook is the temporary increase in hog slaughter to satisfy the usual election-year spurt in demand for pork; another, more enduring, one is the lack of good-quality feed—a problem that is accentuated by the country's policy of virtually prohibiting feed imports through its stringent duties and taxes on them. In 1964-65, for instance, the United States sent only 2,512 metric tons of feed grains to the Philippines yet it was main supplier.

Pork production increases

An amalgamation of small backyard-type operations and a few large modern enterprises, the Philippine hog industry currently accounts for around 65 percent of the country's total livestock population. It is also the largest of its kind in Asia, except for Mainland China, and produces for a population that consumes 3 pounds of pork for every pound of other meat.

During election years, such as 1965, the normally strong demand for pork is even more pronounced than usual, with much roast pork served at barrio festivals and pre-election rallies and younger animals picked out for roasting. The increase in 1965-66 slaughters—to 6.9 million head compared with 6.3 million in 1964-65 and 5.8 million in 1963-64—to satisfy this demand is partly responsible for the forecast that hog numbers in 1966 will show a smaller rate of gain than in any of the 4 preceding years. (Predictions are that they will increase by 4.5 percent to 11.4 million head, compared with an average rate of about 8.5 percent for the previous 4 years.)

Problems building up

There are, however, problems of a more permanent nature than this temporary increase in slaughter that are slowing down the expansion of the hog industry.

One of these is the difficulty in obtaining good-quality feed. Both large and small hog producers complain that feed prices are too high (currently at the equivalent of about $3.85 per 100-lb. bag) and that the quality of the feed keeps deteriorating. The feed manufacturers admit that the quality has been declining but state that the prices of their raw materials have increased so rapidly that they are unable to maintain a reasonably priced feed and must therefore reduce the quality. Contributing to this problem are the high duties and taxes on imported corn and corghum—$48.04 and $70.64 per ton, respectively—that make the use of these items prohibitive. And for the limited supply of domestic corn, there is competition from human consumers.

Protein supplements are also scarce; the major domestic supplement—copra meal—goes mainly for export to Europe, where prices are more favorable than those on the domestic market.

Another price disagreement is going on between producers and the slaughtering plants. One large plant in Manila, for instance, is offering 21 cents per pound at the plant, which many producers feel should be offered at the farm with the processing firm absorbing the loss of weight between the farm and plant. Complicating the problem is the shortage of transportation facilities, which in the case of this plant prevents slaughtering at capacity.

These and other difficulties of the hog industry have made farmers more cautious about enlarging their facilities and utilizing the available breeding stock. Nevertheless, there are several programs underway to further expand the country's hog industry. One is the establishment of piggeries by sugar planters in Negros as part of this region's diversification program. Another is a 20-million-peso agro-industry project calling for a housing development with a backyard-type piggery enterprise and possibly including marketing and processing facilities. Finally, there is the continuing effort by the Bureau of Animal Industry to upgrade, improve, and protect stock through artificial insemination and hog cholera vaccinations.

Country nearing self-sufficiency

On the solution of the industry's difficulties and the success of the expansion programs depends the country's maintenance of its near self-sufficiency in pork. Although the Philippines still must import some pork, these imports are extremely small. For example, the 1963 import of 496,000 pounds (carcass weight) amounted to around a tenth of a percent of domestic pork production and 1.6 percent of total meat imports. And, looking back to 1962—a year when pork imports were down to an exceptionally low 143,000 pounds—the imports' percentage of production and total meat purchases becomes even more minute.

Traditionally, the Philippines' major source for fresh, chilled, and frozen pork is West Germany, followed by Australia. (In 1963, however, the United States was largest.) Hong Kong and Spain generally furnish most of the canned pork imported by the Philippines.

ESTIMATES OF HOG NUMBERS, HOG SLAUGHTER, AND PORK PRODUCTION IN THE PHILIPPINES[1]

Year	Hog number[2]	Hogs slaughtered[3]	Pork production[3]
	1,000 head	*1,000 head*	*1,000 pounds*
1964	10,000	5,800	568,787
1965	10,900	6,300	639,334
1966	11,400	6,900	698,858

[1] Attaché estimates representing total numbers. [2] Inventory as of March 1. [3] Covering period from March 2 to March 1.

GOVERNMENT-INSPECTED HOG SLAUGHTER AND PORK PRODUCTION, THE PHILIPPINES

Fiscal year	Region		Total
	Greater Manila	Provincial	
Slaughter:	*Head*	*Head*	*Head*
1960-61	566,052	825,794	1,391,846
1961-62	592,081	914,672	1,506,753
1962-63	579,486	701,513	1,280,999
1963-64	525,356	724,612	1,249,968
1964-65	560,177	783,459	1,343,636
Pork production:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
1960-61	52,099	76,008	128,107
1961-62	55,613	85,922	141,535
1962-63	55,093	66,749	121,842
1963-64	49,712	68,691	118,402
1964-65	56,021	78,345	134,366

Bureau of Animal Industry, Philippines.

NOTE: Inspected slaughter comprises only a minor portion of the total number of hogs slaughtered in the country. Slaughtering is still largely done without government supervision or control.

Based on material supplied by the office of the U.S. Agricultural Attaché, Manila.

Ethiopians Work To Develop Their Livestock Industry

By CLINE J. WARREN
Foreign Regional Analysis Division
Economic Research Service

The animal industry of Ethiopia has perhaps greater potential for development than all the country's other agricultural resources combined. Ethiopia is reported to have the largest livestock population of all African countries. Yet only in recent years has there been great concern about exploiting this basic resource.

In the past, the search for quick and easy solutions to the problems of this enormous industry left its long-term development largely to fate. Today, Ethiopia's government recognizes the many obstacles that must be overcome before the industry's potentials are transformed into reality. And a start has been made.

Possibilities and problems

Various studies have emphasized that with improved practices, Ethiopia's livestock herds could be upgraded and expanded. The cattle population is now estimated to exceed 23 million head, and there are some 35 million to 40 million sheep and goats. This is a ratio of about 3 head of livestock per person. Yet the total contribution of livestock to the country's economy is not as great as these figures would indicate.

Present export earnings from the livestock sector are small. Returns from live animals sold abroad amount to less than $500,000 annually; hide and skin exports, to about $10 million. But, because of the large number of cattle available and the country's nearness to importing countries, Ethiopian officials realize that exports of livestock and livestock products could be greatly expanded if some problems now plaguing the industry can be alleviated.

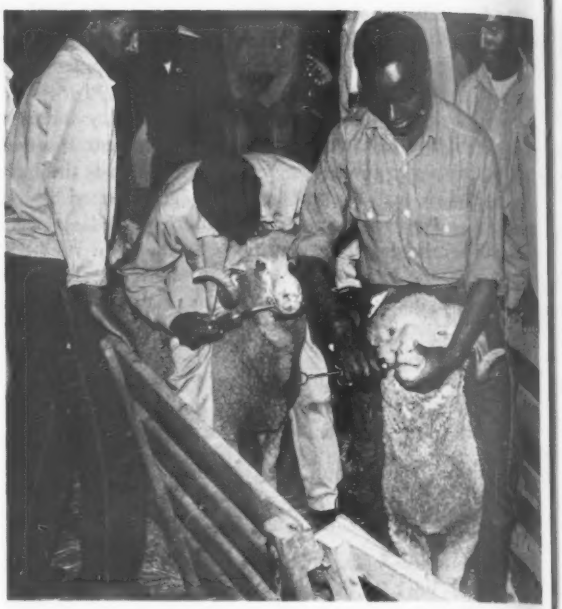
These problems are so many and so large that they resist any rapid solution.

For example, rinderpest and other diseases cause heavy losses each year; there is a critical shortage of operating funds and veterinarians; transportation facilities are inadequate. And high among the factors delaying progress is the custom of overgrazing, coupled with and perhaps caused by the strong desire of herdsmen to keep the largest possible number of cattle for prestige purposes.

Of late, however, a decided start has been made toward curing some of these ills. In 1964 the Ethiopian Government established the Livestock and Meat Board, to deal with all aspects of livestock and meat production. Thus far, it would appear that major emphasis is on selection and improvement of indigenous breeds rather than mere expansion in livestock numbers.

Steps toward disease control

Working with the Scientific, Technical, and Research Commission of the Organization of African Unity (OAU), Ethiopian specialists are trying to eradicate rinderpest from the country. Technicians of the U.S. Aid Mission and the United Nations Food and Agriculture Organization are also helping with this large undertaking. Diseases and parasites are being classified and preventive measures are being studied. Local personnel in the field are receiving advice and assistance on the diagnosis and control of animal diseases; and the recent establishment of a new veterinary institute will increase the number of specialists available for this work.



Ethiopian sheep getting inoculations (photo from AID).

The production of vaccines is scheduled to double by 1967. At present, rinderpest vaccine is produced locally at the rate of 3 million doses annually, and vaccine for contagious bovine pleuropneumonia at some 270,000. Imported vaccines are made available to farmers and herdsmen at cost; those produced locally are free. The anticipated increase in local output will enable a greater number of cattle to be vaccinated in the immediate future.

Improvements in breeds and feeding

Of great significance for Ethiopia's livestock industry is the growing use of artificial insemination. Frozen semen from some of the best U.S. stock has been imported, although only on a small scale, to hasten the development of better dairy and beef cattle types by a program of crossbreeding. At the same time, increasing numbers of Ethiopians are being trained abroad in the various methods of artificial insemination.

A beginning has been made in the Addis Ababa area with the use of feeding concentrates in preparing beef cattle for market. The advantages of blackstrap molasses in the feed ration are being promoted; they are likely to grow in importance as the country's sugar industry develops. Heretofore, the sugar factory at Wonji had been faced with problems in disposing of the waste sugar residues.

With time, all these efforts should have widespread favorable effects on the country's livestock industry and thus on its total economy.

U.S. Foods Help Feed Thousands of Malaysian Children

Clockwise from left: villagers learn about school lunch program; Sarawak mothers make oatcakes; a bread and milk lunch; children show vitality in play period.

Thousands of school children in Malaysia are leading healthier lives and are learning to like new foods which, since 1961, have been given to them by the American people through Title III of P.L. 480.

This year, over 90,000 children are eating, in one form or another, U.S. wheat products, nonfat dry milk, vegetable oil, beans, and dairy products.

In some of the schools, the children get a special high-protein bread spread with butter oil or cheese—in others, porridge.

Additional support comes from many local sources: government agencies; teachers donate part of their salaries; a rubber estate pays for the children of its tappers; parents give firewood, or sugar and jam.

U.S. Dry Pea and Lentil Promotion Sets Sights On Japan and EEC in First Year of New Program

The U.S. dry pea and lentil industry —mapping plans for the first full year of overseas promotion—will follow up on successful initial efforts in Japan and begin market development activities in the EEC.

Though U.S. prices for both peas and lentils have sharply risen since April and the launching of the program, USDA officials say this should not dampen promotional efforts nor measurably affect U.S. exports that in 1964-65 at $18 million hit record levels—peas 92,625 tons, lentils 21,364.

Current higher prices reflect this year's cutback in acreage and output. Pea production, according to recent estimates, will total 175,000 tons, down 40,000 from 1964, and lentil production at 24,000 will be off by 13,000 tons.

Tending to offset the U.S. price rise, however, will be the unusually good quality of this year's crop, and similar price increases for Dutch peas—the biggest United States competitor.

Freight rate cut

Expected to have significant impact on U.S. exports to Japan was the June 16 reduction of ocean freight rates on U.S. pulses moving to Japan out of west coast ports. The new rate—$24.35 per short ton against $31.50 (with handling charges) previously in effect—brings U.S. shipping costs nearer in line with those of the Netherlands to Japan.

Following the industry's successful participation at the Tokyo International Trade Fair this past May, representatives of the Pacific Northwest Pea Growers and Dealers Association returned with an optimistic appraisal of U.S. sales prospects in Japan.

"U.S. exports of these commodities to Japan have gone from around 20 metric tons in the mid-50's to more than 3,500 tons at the present time," the team reported. "This is a significant increase but does not begin to reflect the full potential of that market. With nationwide promotion, it is not unrealistic to think in terms of doubling and tripling the use of dry peas and lentils within the current decade. Greater utilization by Japan's expanding canning industry and new uses by the soup industry would seem to offer the best potential."

Tokyo show sparked interest

Participation in the Tokyo show and associate promotional efforts stirred considerable interest in U.S. pulses, according to the team. "Few Japanese visitors to the Pacific Northwest booth could resist running their fingers through the open stock samples of dry peas and lentils, even smelling and tasting the displayed items. Lentils, new to the Japanese, understandably received the most attention."

Some 10,000 recipe folders and several hundred samples were distributed to Japanese homemakers. Tradesmen, inspecting the exhibit of dry peas and lentils, repeatedly asked where they could be bought.

The next step was market testing of pea and lentil soups. Cream of pea soup, as well as split pea soups, both green and yellow, were submitted to taste panels and tested in coffee shops, with promising results.

A major canned product company is adding cream of pea soup to the six others it is now marketing in Japan and plans a sizable promotional campaign to stimulate consumption. Initial plans call for marketing a 1-cup size for home consumption, a larger #10 can of condensed soup for retail trade in small coffee and sandwich shops, and a #2 can for institutions.

Recipe development

Another important promotional move was an agreement with the Japan School of Cooking—the country's biggest—to develop recipes using dry peas which will be suited to the Japanese taste.

A private vocational institution founded 33 years ago, JSC has nine schools in Osaka, and one each in Kobe, Kyoto, and Tokyo. Its 20,000 total enrollment ranges from student chefs to housewives and young unmarried women who want to learn home cooking. With a staff of 250 people, the school publishes a monthly magazine, prepares recipes for sale in bookstores and other retail outlets, and material for TV and press.

The school will develop some 20 recipes from which about 10 will be chosen for primary promotion and consumer testing.

Upon completion of both test projects, Pacific Northwest expects to send a representative to Japan to make further studies of market conditions and formulate plans for continued market development in 1966. It is likely that U.S. peas and lentils will be promoted at the 1966 Osaka International Fair.

EEC market potential

The industry is also eying trade opportunities in the much larger markets of the European Economic Community.

In fiscal 1964-65, U.S. pea exports to the EEC totaled 18,869 tons—5,384 tons more than moved during fiscal year 1963-64. U.S. lentils have been making impressive gains as well, with January-June 1965 shipments of 5,906 tons compared with 2,843 in the corresponding 1964 period.

This sudden expansion in exports prompted a decision to send an industry team on a 5-week market development trip to the important EEC markets next month. Primary objective will be to find out who is buying and using peas and lentils; next, to explore ways through which U.S. market development can accelerate the pace of utilization. Also, the U.S. industry team, during visits with importers and canners, wants to line up a foreign cooperator—possibly a large canning firm—to join in U.S. market development activities.

In West Germany—top market for U.S. lentils and third for peas—the industry representatives will meet with tradesmen during the ANUGA Fair at Cologne September 25 - October 3, establishing headquarters at the exhibit booth of the Michigan Bean Shippers Association. Belgium is next on the itinerary, followed by France (second largest importer of U.S. lentils) and Italy.

The EEC, where only the Netherlands produces significant amounts of peas, poses few serious trade-barrier problems for exporters of U.S. pulses. In fact, duties and other restrictions have been eased in recent years.

(Above) Chairman of the Kenya Maize Marketing Board R. G. Ngala with U.S. and Kenyan officials praises quality of U.S. maize upon its arrival at Kilindini Harbour; (left) workers in a hold fill bags with maize and sew them closed.

Official Port Ceremonies Mark Arrival of P.L. 480 Maize in Kenya

Dockside ceremonies greeted the recent arrival in Kenya of over 13,000 metric tons of U.S. maize, first shipment under a Title IV, P.L. 480 agreement calling for up to 50,000 metric tons.

Maize—ground into a flour known as pocho, boiled, and eaten as a kind of dough—is the staple diet of millions of Africans. The shipment to Kenya will help make up food deficits caused by unfavorable weather conditions, the land resettlement program, and lower price incentives.

The agreement calls for the United States to finance up to about $3.1 million in maize and about $0.6 million in transportation costs, repayable after 20 years with about $1.8 million in interest.

Most of Kenya's agricultural imports from the United States in recent years—dried milk, beans, corn, vegetable oils, bulgur, and wheat flour—have been under P.L. 480.

Japanese Institute Project Features U.S. Wheat

A three-phase project to develop and introduce new products made from maximum quantities of U.S. wheats got underway recently at Japan's new Wheat Flour Institute.

Aimed at all wheat users from millers to consumers, the project includes technical education courses at a School of Milling Technology, milling and usage tests on U.S. Dark Northern Spring and durum wheats (two classes of U.S. wheat new to the Japanese market), and a Wheat Food Promotion Center.

The School of Milling Technology offers selected millers 1-month courses in basic cereal chemistry, first and secondary processing, flour analysis, and improved milling techniques. A special session on quality and use of U.S. wheats—the first such course to be offered in Japan—is being conducted by Wheat Associates.

Comprising the School's first class were 15 cereal technologists from small- and medium-sized milling companies, an important factor since large companies usually dominate industrial training programs. A second class is now underway.

The milling and usage tests on Dark Northern Spring and durum wheats consist of grain, flour, and bran analysis and milling, processing, and dough tests. Research is being conducted in cooperation with four major Japanese milling companies and findings will be made available to all millers and end users and incorporated into the School of Milling Technology's curriculum.

Programs at the Wheat Food Promotion Center include consumer-oriented publicity and educational activities, such as cooking demonstration classes, and regular meetings where wheat industry officials may discuss problems of mutual interest and plan the Institute's projects. A survey analyzing consumer demand patterns for wheat flour is planned for the near future.

The Wheat Flour Institute was established in April to implement a government-wheat industry effort to broaden the traditional rice diet of the Japanese people, and is patterned after the U.S. Wheat Flour Institute of the Millers' National Association.

Located in the Flour Millers Building in downtown Tokyo, the Institute operates under the guidance of Japan's Flour Millers Association with support from the Ministry of Agriculture and Forestry, the Ministry of Health and Welfare, the Ministry of Education, and all major wheat-food industry groups. Financial support comes from all Japan's milling companies.

West Germany Opens Import Quota for Ice Cream Mix

West Germany has opened an import quota of $15,000 for ice cream mix for use in the making of soft ice cream. This quota, although small, is the first of its kind and is the result of a U.S. request for an opportunity to develop a market for ice cream in Germany.

Individual license requests are limited to $2,500, with no cut-off date for issuance of licenses. If interest develops, the quota may be enlarged.

U.S. Tobacco Exports in July 1965

U.S. exports of unmanufactured tobacco in July 1965, at 36.1 million pounds, were 10 percent larger than the 32.8 million shipped out in July 1964. The export value was $30.4 million, compared with $26.1 million. Exports of flue-cured, burley, dark-fired Kentucky-Tennessee, and Maryland were up from July a year ago.

Total exports for the first 7 months of calendar 1965 were about 12 percent smaller than those for January-July 1964.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	July		January-July		Change from 1964
	1964	1965	1964	1965	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	25,120	27,247	174,260	153,544	−11.9
Burley	3,942	4,900	28,357	23,385	−17.5
Dark-fired Ky.-Tenn.	621	1,332	9,402	8,020	−14.7
Va. fire-cured[1]	396	339	2,668	2,873	+ 7.7
Maryland	532	664	5,596	3,814	−31.8
Green River	106	1	523	397	−24.1
One Sucker	---	17	56	101	+80.4
Black Fat, etc.	422	287	1,870	1,906	+ 1.9
Cigar wrapper	321	463	3,647	2,385	−34.6
Cigar binder	36	286	1,093	1,914	+75.1
Cigar filler	110	3	349	248	−28.9
Other	1,148	598	6,776	8,897	+31.3
Total	32,754	36,137	234,597	207,484	−11.6
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Declared value	26.1	30.4	177.2	163.9	− 7.5

[1] Includes sun-cured.
Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	July		January-July		Change from 1964
	1964	1965	1964	1965	
					Percent
Cigars and cheroots *1,000 pieces*	3,597	5,086	24,575	26,494	+ 7.8
Cigarettes *Million pieces*	2,148	1,831	13,598	13,209	− 2.9
Chewing and snuff *1,000 pounds*	21	7	211	136	−35.5
Smoking tobacco in pkgs. *1,000 pounds*	94	44	846	519	−38.7
Smoking tobacco in bulk *1,000 pounds*	673	596	5,577	6,406	+14.9
Total declared value *Million dollars*	10.9	9.2	70.2	68.6	− 2.3

Bureau of the Census.

Exports of tobacco products in July 1965 were valued at $9.2 million, compared with $10.9 million in July a year ago. Cigarette exports, at 1,831 million pieces, were down 15 percent. Exports of chewing and snuff, smoking tobacco in bulk, and packaged smoking tobacco also were down from those in July 1964. For January-July 1965, the total value of all tobacco product exports was $68.6 million—down 2 percent from the value of $70.2 million for the first 7 months of 1964.

Australian Cigarette Output Up

Cigarette output in Australia during the first half of 1965, at 10,340 million pieces, was 10.4 percent larger than the 9,370 million pieces produced in the same period last year.

Output during fiscal 1965 totaled 21,768 million pieces—up 8.8 percent from the 20,002 million produced in fiscal 1964.

Argentine Flaxseed Area Up

Argentine seedings of flaxseed for the 1965-66 crop are 3,123,344 acres, according to the first official estimate. This is 8 percent above the 2,895,518 acres seeded last year and 5 percent above the official early forecast of 2,965,200 acres (*Foreign Agriculture*, August 23).

Lack of rain in the Province of Entre Ríos and the center and north of Santa Fe Province caused some difficulties in seeding, and low temperatures over a long period affected some areas which had to be resown. Despite these factors, however, the condition of the crop on the whole was reported good as of early September.

The Argentine Grain Board continues as virtually the only buyer of the small quantities of linseed oil unsold from the 1964-65 crop. Purchases through August 27 totaled 22,400 metric tons. Exports of linseed oil during January-July are reported at 183,031 tons against 100,927 in the comparable period last year.

U.S. Exports of Soybeans, Edible Oils, Cakes and Meals

July exports of *soybeans* from the United States totaled 17.4 million bushels compared with 16.1 million exported in June. In the 10-month period beginning October 1, 1964, cumulative exports, at 189.3 million bushels, were 11 percent above those in the like period of 1963-64.

Edible oil exports in July, at 133.7 million pounds, declined from the previous month. Foreign donations accounted for more than one-fifth of the total. Cumulative exports in the October-July 1964-65 period were 1,653 million pounds—nearly 30 percent above those in the comparable period of last year and approaching the volume of edible oil exported in the entire 1963-64 marketing year.

During July, 172,600 tons of oilseed cakes and meals were exported from the United States against 168,500 in the previous month. In the first 10 months of 1964-65, exports exceeded 2.0 million tons—63 percent above those exported in the corresponding months of 1963-64. Increased exports to West Germany, France, and the Netherlands accounted for 21 percent, 16 percent and 15 percent of the net gain, respectively. Shipments of

cottonseed and linseed cakes and meals continued in volumes significantly above those of a year ago.

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, AND OILSEED CAKES AND MEALS

Item and country of destination	Unit	July		October-July	
		1964[1]	1965[1]	1963-64[1]	1964-65[1]
SOYBEANS					
Japan	mil bu.	3.0	6.7	37.5	43.1
Canada	do.	3.2	3.9	24.2	30.1
Netherlands	do.	.4	1.0	20.2	24.8
Germany, West	do.	2.0	1.9	27.0	21.0
Denmark	do.	---	1.5	9.1	12.9
Other	do.	3.3	2.4	48.3	57.4
Total	do.	11.9	17.4	166.3	189.3
Oil equiv.	mil. lb.	130.8	191.3	1,825.8	2,078.5
Meal equiv.	1,000 tons	279.9	409.4	3,907.7	4,448.6
EDIBLE OILS					
Soybean:[2]					
Pakistan	mil. lb.	66.4	4.0	92.9	188.8
Spain	do.	---	---	---	166.5
India	do.	---	30.8	.1	104.1
Morocco	do.	6.6	2.2	32.7	62.9
Iran	do.	3.9	2.3	50.6	59.9
Greece	do.	---	---	---	51.4
Israel	do.	4.5	2.1	17.2	42.6
Argentina	do.	---	---	(3)	40.1
Turkey	do.	6.0	---	89.8	34.6
Other	do.	39.7	19.6	546.3	238.4
Total	do.	127.1	61.0	829.6	989.3
Foreign donations[4]	do.	3.7	31.2	[5]17.7	[5][6]98.3
Total soybean oil	do.	130.8	92.2	847.3	1,087.6
Cottonseed:[2]					
Germany, West	do.	1.8	2.5	97.0	144.2
Netherlands	do.	(3)	6.4	69.6	52.3
Iran	do.	2.8	---	27.1	47.9
Canada	do.	3.1	4.0	29.9	35.9
United Arab Rep.	do.	---	5.8	52.3	32.5
Morocco	do.	---	2.2	6.6	26.1
Venezuela	do.	.8	3.7	22.6	23.8
Mexico	do.	.7	10.8	.7	21.7
Pakistan	do.	---	3.2	2.8	20.7
Vietnam	do.	---	---	.8	8.4
Other	do.	12.0	2.9	122.5	60.8
Total	do.	21.2	41.5	431.9	474.3
Foreign donations[4]	do.	5.5	(3)	[5]6.0	[5][6]90.9
Total cottonseed oil	do.	26.7	41.5	437.9	565.2
Total oils	do.	157.5	133.7	1,285.2	1,652.8
CAKES AND MEALS					
Soybean:					
France	1,000 tons	18.6	43.9	203.5	325.1
Germany, West	do.	9.3	17.1	96.5	256.7
Netherlands	do.	11.6	10.4	105.9	219.8
Canada	do.	21.4	23.9	156.9	207.0
Belgium	do.	14.4	10.9	93.7	155.9
Italy	do.	11.8	10.6	63.9	125.5
Yugoslavia	do.	---	---	65.5	108.9
Denmark	do.	22.0	6.3	79.6	110.9
Spain	do.	4.3	4.7	138.6	64.3
Other	do.	31.5	16.2	160.0	234.7
Total	do.	144.9	144.0	1,164.1	1,808.8
Cottonseed	do.	6.2	18.6	44.6	132.2
Linseed	do.	1.1	6.3	19.5	43.7
Total cakes and meals[7]	do.	152.8	172.6	1,229.0	2,003.7

[1] Preliminary. [2] Includes Title I, II, III, and IV of P.L. 480, except soybean and cottonseed oils contained in shortening exported under Title II. Excludes estimates of Title II exports of soybean and cottonseed oil not reported by Census. [3] Less than 50,000 pounds. [4] Title III, P.L. 480. [5] Estimated by USDA, includes salad oil and oil in shortening. [6] October-December estimated by USDA. [7] Includes peanut cake and meal and small quantities of other cakes and meals.

Compiled from Census records and USDA estimates.

Note: Countries indicated are ranked according to quantities taken in the current marketing year.

Argentine Sunflower, Peanut Estimates

Argentina's 1964-65 production of sunflowerseed and peanuts is placed at 757,000 and 439,300 metric tons, respectively, according to the third official estimates. These estimates reflect increases of two-thirds and one-third, respectively, from the 1963-64 production of 460,000 tons of sunflowerseed and 333,000 of peanuts.

Senegalese Peanut Prospects Good

Indications at this early date are that Senegal's 1965-66 commercial peanut crop will exceed the 1964-65 level and approximate the record of 1961-62, providing the favorable conditions of early September continue through the remainder of the year. Officials of the "Office de la Commercialisation Agricole" (OCA) say that moisture conditions have been good so far this year.

According to the OCA, commercial purchases for crushing and export from the 1964-65 peanut crop reached 864,000 metric tons compared with purchases of 792,000 tons from the 1963-64 crop and the all-time high of 901,764 tons from the 1961-62 crop. The increase in 1964-65 peanut production from a year earlier was attributed to a slight acreage gain.

Syrian Cotton Production a Record in 1964-65

The final estimate of the 1964-65 cotton crop in Syria is placed at a record 813,000 bales (480 lb. net). This is 16 percent larger than the 700,000-bale crop in 1963-64. The 708,000 acres devoted to the 1964-65 crop was slightly smaller than a year earlier. Of the total cotton produced in 1964-65, 93 percent was grown under irrigation.

Preliminary estimates indicate that the 1965-66 crop, which is now being harvested, may exceed the 1964-65 harvest. About 740,000 acres were planted to cotton, with increases in both irrigated and nonirrigated area. All of Syria's cotton is of the American Upland type.

Syria's cotton exports during the 1964-65 season (August-July) amounted to 726,000 bales, 19 percent above the 608,000 exported in 1963-64. Communist countries received 465,000 bales, or 64 percent, compared with 442,000, or 73 percent, in 1963-64. Quantities (in 1,000 bales) exported to principal destinations in 1964-65, with comparable 1963-64 figures in parentheses, were Mainland China 203 (203), the USSR 73 (90), France 87 (46), Rumania 84 (82), Poland 39 (27), West Germany 38 (7), Italy 31 (15), Lebanon 28 (25), Hungary 27 (3), Bulgaria 24 (20), the Netherlands 21 (15), the United Kingdom 12 (7), and Czechoslovakia 11 (10).

Cotton consumption in Syria has shown a gradual upward trend in recent years and in 1964-65 amounted to about 95,000 bales.

In May of this year, the Syrian Government issued decrees which provided for the nationalization of all cotton gins and the limitation of trading in cotton to the state beginning with the 1965 crop. The government guaranteed the purchase of the 1964-65 crop from growers at 18.86 U.S. cents per pound of ginned cotton for grade zero, stapling 1-1/16 inches at the Aleppo market. However, most farmers declined to sell to the government since world prices were above the guaranteed minimum. The tax of 4.5 cents per pound on the 1964-65 exports was the same as in the previous two seasons. In August, Syrian

SM 1-1/16 inches new-crop cotton was offered at an average equivalent of 28.61 U.S. cents per pound, c.i.f. Liverpool, compared with 28.84 cents for U.S. cotton of the same quality.

Hong Kong Cotton Use at Record Level

Hong Kong's cotton mills operated at or near capacity during most of the 1964-65 season, consuming slightly more cotton than the estimated 585,000 bales (480 lb. net) used in 1963-64. However, in recent months a slackened inquiry for cotton yarns has caused the spinning mills to reduce output to about 85 percent of capacity. Factors contributing to this situation are the sluggish demand for yarns and textiles in the United Kingdom, Malaysia, and Indonesia and the recent tightening of credit.

During the past year, the Hong Kong spinning industry increased its number of spindles to about 730,000. The textile industry continues to be the Colony's dominant industry, in 1964 employing 41.5 percent, or 145,000 persons, of the total registered labor force.

Imports of cotton into Hong Kong totaled 499,000 bales in the August-June period of 1964-65—down 14 percent from the 578,000 imported in the comparable period a year earlier. Imports from the United States amounted to 129,000 bales, or 26 percent of the total, compared with 167,000, or 29 percent of the total, in the same 1963-64 period.

Quantities (in 1,000 bales) imported from principal sources other than the United States, from August 1964 through June 1965, with comparable 1963-64 figures in parentheses, were Pakistan 117 (146), Tanganyika 73 (58), Brazil 67 (58), Uganda 28 (40), Mexico 26 (20), and Kenya 16 (21).

Reports indicated that consumption may exceed imports by nearly 50,000 bales, resulting in a reduction in stocks.

Chile's Production of Deciduous Fruit

Chile's 1965 production of deciduous fruit is estimated at 189,300 short tons, or approximately 4,800 tons above the previous year's. Apples, which account for roughly 50 percent of the total pack, are estimated at 97,000 tons (up 3,300 from 1964); peaches and nectarines, 45,200 (up 1,100); plums and prunes, 24,600 (no change); pears, 14,600 (up 800); apricots, 4,200 (down 200); and cherries, 3,700 (down 200).

Reportedly, fresh production utilized for canning or other uses (exclusive of drying) during 1965 may reach 24,400 tons, of which more than 65 percent may be comprised of peaches and nectarines.

CHILEAN DECIDUOUS FRUIT PRODUCTION AND CANNING UTILIZATION

Kind	Production		Canned and other uses[1]	
	1964	1965	1964	1965
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Apples	93.7	97.0	[2]2.0	[2]3.1
Peaches and nectarines	44.1	45.2	15.9	16.5
Plumes and prunes	24.6	24.6	2.2	2.2
Pears	13.8	14.6	.5	.6
Apricots	4.4	4.2	1.3	1.2
Cherries	3.9	3.7	1.0	.8
Total	184.5	189.3	22.9	24.4

[1] Exclusive of drying. [2] Cider and canning.

Australia Has Record Dried Vine Pack

The 1965 Australian dried vine pack has been forecast at a record 118,300 short tons—approximately 2,100 tons above the 1964 pack.

Sultanas, which may account for more than 78 percent of the 1965 pack, have been estimated at 93,000 tons compared with 94,700 in 1964. Currant production increased to 13,600 tons, or 1,000 tons over 1964. Raisin (lexia) production has been estimated at 11,700 tons—up 2,800 tons from 1964.

Dried vine fruit exports, which go mainly to the United Kingdom and Canada, are expected to reflect the record 1965 pack and total 91,300 tons as opposed to 85,900 during 1964. Sultana exports are forecast at 76,000 tons (up 2,500 tons from 1964), currants 8,500 (up 700), and raisins 6,500 (up 1,900).

AUSTRALIA'S SUPPLY AND DISTRIBUTION OF DRIED VINE FRUITS

Item	Sultanas	Currants	Raisins
1964 (revised)	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Supply:			
Carry-in, Jan. 1964	6.3	2.6	1.8
Production	94.7	12.6	8.9
Total supply	101.0	15.2	10.7
Distribution:			
Exports	73.5	7.8	4.6
Local consumption	15.7	4.5	4.5
Carry-out, Dec. 1964	11.8	2.9	1.6
Total distribution	101.0	15.2	10.7
1965			
Supply:			
Carry-in, Jan. 1965	11.8	2.9	1.6
Production	93.0	13.6	11.7
Total supply	104.8	16.5	13.3
Distribution:			
Exports[1]	76.0	8.5	6.5
Domestic consumption[1]	16.8	5.1	5.0
Carry-out, Dec. 1965[1]	12.0	2.9	1.8
Total distribution	104.8	16.5	13.3

[1] Forecast.

In the past, Australia has shipped large quantities of unsold dried fruits to the United Kingdom. This year, in an effort to reduce storage and insurance costs and prevent competition with new-crop fruit from a buildup of inventories, the Australian Dried Fruits Board will export largely against orders. They will, however, maintain a certain amount of spot stocks in various warehouses in U.K. ports.

FAO Consultative Committee on Jute

The first session of the Consultative Committee of the Food and Agriculture Organization of the United Nations (FAO) Study Group on Jute, Kenaf, and Allied Fibers was held in Rome, September 1-3. The United States—a major importer of jute and jute products—participated in these meetings to work with other interested countries in developing guidelines which could help stabilize international trade and prices.

In assessing the supply and demand prospects for the 1965-66 July-June season, the Committee concluded that export availabilities and import requirements for the period probably would be in close balance and that prices for jute and allied fibers, in general, were not likely to vary much from recent levels.

The Committee further concluded that the stability of prices and an orderly disposal of supplies could be better achieved by a voluntary phasing of purchases by importing countries in accordance with monthly availabilities for export in producing countries and by limiting, as far as possible, fluctuations of in-season prices to a range of 15 percent (7.5 percent above or below an estimated average price for the season). In regard to the latter suggestion, the Committee considered that a reasonable average price for the lowest grade of long cut jute would be £86 per ton (10.75 cents per pound) f.o.b. Pakistan, with other jute grades and Thailand fiber (kenaf) prices following the appropriate price differentials.

The second session of the Consultative Committee tentatively was scheduled to be held in Calcutta, India, in the period December 1965-January 1966. Provisional agenda items include a review of the progress of phasing purchases and price movements in the 1965-66 season and the examination of data covering estimates of requirements and crop plans for the 1966-67 season.

Philippine Coir Industry Increasing

Philippine registered production of baled coir totaled 503,535 pounds in the first half of 1965 compared with 131,395 pounds in the same period of 1964. Exports reached 379,200 pounds compared with 105,820 in the earlier period.

Exports in January-June 1965 went principally to West Germany (223,330 lb.) and Japan (111,110 lb.), and the balance, to the United Kingdom and the United States.

Domestic consumption of coir is increasing steadily, mainly because of greater use of coir in the manufacture of cushions and mattresses; it is also used in rugs, mats, and brushes. Coconuts, the source of coir fiber, are plentiful. Increasing demand both at home and abroad is expected to encourage expansion of the coir fiber industry.

Philippine Kapok Production Down

Production of kapok fiber in the Philippines fell to an estimated 2,646,000 pounds in the year ended June 30, 1965, compared with 2,653,000 in the preceding year. The harvested acreage was 6,670 acres compared with 6,720, although the total area of kapok trees remained at an estimated 7,400 acres. All the fiber is used domestically.

A limited number of young trees came into bearing in the past 3 years, but their output was offset by production declines in trees damaged by typhoons, which uprooted some trees and felled young pods. No significant increase in acreage is expected in the near future because of lack of foreign demand.

Mexican Minor Fibers Situation

Mexican production of broomroot fiber is decreasing, mainly because of competition from synthetic fibers in the manufacture of brooms and brushes of the type that broomroot is used in, especially in the United States.

However, production of broomcorn fiber and abaca increased in 1964, with abaca expected to show an even larger increase in 1965. Production of coir remains unchanged, while that of sansevieria, which was unchanged in 1964, may increase in 1965.

Exports of broomroot fiber and sansevieria fell in 1964; those of abaca and coir increased somewhat; and those of broomcorn and other brush fibers increased by 71 percent. The United States is the principal market for Mexican minor fibers.

Less than 500,000 pounds of palm fibers are imported into Mexico annually, mostly from India.

MEXICAN PRODUCTION OF AND TRADE IN MINOR FIBERS

Fiber	1963	1964	Forecast 1965
Broomroot fiber:			
Area ----------acres----	12,355	11,861	11,861
Production -----1,000 lbs..	4,630	4,409	4,190
Exports: total ----do----	4,358	3,503	---
United States ---do----	3,461	2,355	---
France ----------do----	419	432	---
Netherlands -----do----	71	293	---
Broomcorn fiber:[1]			
Production -----1,000 lbs..	3,307	3,527	3,527
Exports, total[3] ------do---	[2]6,261	[2]10,728	---
Abaca:			
Area ----------acres---	1,359	1,359	1,980
Production -----1,000 lbs..	1,984	2,094	3,086
Exports: total -----do----	615	681	---
United States ---do----	615	661	---
Coir:[1]			
Production --------do----	882	882	882
Exports: total[3] ----do----	388	496	---
Sansevieria:			
Area ----------acres---	840	840	865
Production -----1,000 lbs..	882	882	926
Exports: total ----do----	11	4	---
United States ----do----	11	0	---

[1] Area unknown. [2] Includes broomcorn fiber and other brush fibers except ixtle. [3] All to United States.

Foreign Agricultural Service. Compiled from data of Ministry of Industry and Commerce, trade estimates, and reports of U. S. Foreign Service Officers.

Yugoslav Hemp Output Increases in 1965

Yugoslav production of soft hemp fiber in 1965 is estimated preliminarily at 50,660 metric tons, up 2 percent from the 49,640 tons produced in 1964 and 16 percent from the 1963 output. The production increase in 1965 over last year is attributed mainly to a 6-percent rise in the harvested acreage—from 45,300 acres to 48,000.

After July 26, minimum guaranteed prices of hemp stalks were increased by an average of 5,000 dinars per ton (US$4.00) for each grade and quality. The new prices range from 20,000 to 30,000 dinars per ton (US$16.00 to US$24.00).

Yugoslavia is a major exporter of hemp fiber, with 1964 exports of raw hemp, tow, and waste totaling 10,338 metric tons. Principal destinations for 1964 exports included Austria, Czechoslovakia, Italy, and West Germany. While U.S. imports of hemp fiber are small, practically all of them come from Yugoslavia.

Swiss Honey Production Up in 1964

Swiss honey production in 1964 is estimated at 4,500 metric tons (9.9 mil. lb.). This was an unusually high production, as warm weather during the spring and summer favored production. The reported spring yield per colony in 1965 was about average, but the summer yields were decreased because of continued rains and low temperatures.

Switzerland imported 3,455 metric tons (7.6 mil. lb.) of honey in 1964, which was about the same as in 1963. Mexico accounts for well over half of the imports. The United States supplied 224 metric tons in 1964, as against 189 metric tons in 1963.

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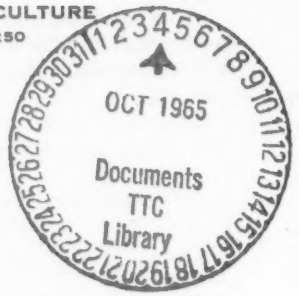

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Increase Seen for Canadian Honey Production

Canada's 1965 production of honey is forecast at more than 47 million pounds—a new record and about one-third larger than the 1964 production.

The number of beekeepers in 1965 is estimated at 8,830; the number of colonies, at 408,400; and the average yield per colony, at 115 pounds.

(The above figures exclude the Maritime Provinces, which in 1964 accounted for less than 1 percent of production.)

El Salvador Seeks Additional Corn Sources

El Salvador's National Supply Institute has authorized the purchase of 2,300 metric tons of yellow corn from the United States as its first step in securing 20,000 tons outside the Central American Common Market. Bids will be taken for the remaining purchases—6,000 tons of yellow corn and 10,800 tons of white.

EL SALVADOR'S CORN SUPPLY AND DISTRIBUTION BY CROP YEAR

Item	1963-64	1964-65 [1]	1965-66 [2]
Supply:	*Metric tons*	*Metric tons*	*Metric tons*
Beginning stock, Aug. 1	27,490	10,029	6,029
Production	207,077	191,600	191,600
Imports	24,862	68,600	88,900
Total supply	259,429	270,229	286,529
Distribution:			
Exports	2,500	2,200	500
Domestic consumption	246,900	262,000	280,000
Ending stocks, July 31	10,029	6,029	6,029
Total distribution	259,429	270,229	286,529

[1] Preliminary. [2] Forecast.

Because of drought conditions during the current crop year, domestic corn production is not expected to exceed last year's 191,600 metric tons, yet an 18,000-ton increase in consumption is forecast. To meet the rising demand, import needs for the 1965-66 crop year are estimated at a record 88,900 metric tons—a 30-percent rise over 1964-65 and 176 percent above the average for the previous 5 years—causing El Salvador to look beyond its traditional suppliers.

Increased imports of other agricultural products are also expected as domestic output falls short of needs.

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